

Training with work experience for adult welfare recipients

Benefit-cost estimates updated December 2015. Literature review updated November 2015.

Current estimates replace old estimates. Numbers will change over time as a result of model inputs and monetization methods.

The WSIPP benefit-cost analysis examines, on an apples-to-apples basis, the monetary value of programs or policies to determine whether the benefits from the program exceed its costs. WSIPP's research approach to identifying evidence-based programs and policies has three main steps. First, we determine "what works" (and what does not work) to improve outcomes using a statistical technique called meta-analysis. Second, we calculate whether the benefits of a program exceed its costs. Third, we estimate the risk of investing in a program by testing the sensitivity of our results. For more detail on our methods, see our [technical documentation](#).

Program Description: Adult TANF/AFDC recipients may receive job search and placement assistance, adult basic education, ESL and GED preparation, vocational training, or support services such as child care and housing support, as well as some type of work experience, paid or unpaid. Most studies define the adult population to be age 18 and over. Treatment may be sequential, where participants first undergo training and then receive work experience, or follow individualized employment plans for each participant. These programs sometimes take the form of "welfare-to-work" programs, where participants must participate in employment activities to receive welfare benefits. Community organizations, welfare agencies, and federally or state-funded programs administered by state, county, or local government agencies typically provide these services. Programs last anywhere from two months to one year.

Benefit-Cost Summary

Program benefits

Participants	\$4,755
Taxpayers	\$3,716
Other (1)	\$0
Other (2)	(\$2,078)
Total	\$6,393
Costs	(\$4,143)
Benefits minus cost	\$2,250

Summary statistics

Benefit to cost ratio	\$1.54
Benefits minus costs	\$2,250
Probability of a positive net present value	73 %

The estimates shown are present value, life cycle benefits and costs. All dollars are expressed in the base year chosen for this analysis (2014). The economic discount rates and other relevant parameters are described in our [technical documentation](#).

Detailed Monetary Benefit Estimates

Source of benefits	Benefits to				Total benefits
	Participants	Taxpayers	Other (1)	Other (2)	
From primary participant					
Labor market earnings (employment)	\$5,549	\$2,367	\$0	\$0	\$7,915
Public assistance	(\$378)	\$889	\$0	\$0	\$511
Food assistance	(\$416)	\$461	\$0	\$0	\$44
Adjustment for deadweight cost of program	\$0	\$0	\$0	(\$2,078)	(\$2,078)
Totals	\$4,755	\$3,716	\$0	(\$2,078)	\$6,393

We created the two “other” categories to report results that do not fit neatly in the “participant” or “taxpayer” perspectives. In the “Other (1)” category we include the benefits of reductions in crime victimization, the economic spillover benefits of improvement in human capital outcomes, and the benefits from private or employer-paid health insurance. In the “Other (2)” category we include estimates of the net changes in the value of a statistical life and net changes in the deadweight costs of taxation.

Detailed Cost Estimates

	Annual cost	Program duration	Year dollars	Summary statistics	
Program costs	\$4,154	1	2014	Present value of net program costs (in 2014 dollars)	(\$4,143)
Comparison costs	\$0	1	2014	Uncertainty (+ or - %)	43 %

We estimated the average annual cost of treatment per participant, using data from studies in our meta-analysis that reported cost estimates (Auspos et al., 1988; Bell & Orr, 1994; Blomquist, 1995; Bloom et al., 2000; Farrell, 2000; Freedman et al., 2000; Freedman et al., 1995; Hamilton et al., 1997; Riccio et al., 1986; Scrivener et al., 2002; Scrivener et al., 2001; Scrivener et al., 1998; Storto et al., 2000). Costs vary by study but may include administrative costs, employment services, case management, eligibility-related services, foregone earnings, tuition payments, allowances, support services such as transportation assistance and child care costs, and wage subsidies.

The figures shown are estimates of the costs to implement programs in Washington. The comparison group costs reflect either no treatment or treatment as usual, depending on how effect sizes were calculated in the meta analysis. The uncertainty range is used in Monte Carlo risk analysis, described in our [technical documentation](#).

Cumulative Net Cash Flows Over Time (Non-Discounted Dollars)



Meta-Analysis of Program Effects

Outcomes measured	Primary or secondary participant	No. of effect sizes	Treatment N	Unadjusted effect size (random effects model)		Adjusted effect sizes and standard errors used in the benefit-cost analysis					
						First time ES is estimated			Second time ES is estimated		
				ES	p-value	ES	SE	Age	ES	SE	Age
Earnings	Primary	36	95653	0.149	0.001	0.146	0.026	39	0.000	0.018	40
Employment	Primary	32	95650	0.094	0.001	0.091	0.014	39	0.000	0.018	40
Food assistance	Primary	19	42878	-0.058	0.001	-0.055	0.010	39	0.000	0.018	40
Public assistance	Primary	38	91383	-0.065	0.001	-0.064	0.015	39	0.000	0.028	40

Citations Used in the Meta-Analysis

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Printed on 02-05-2016

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